

OBSERVATION REPORT #32

Verizon-New Jersey applied incorrect rates to Operator Handled toll calls.

Issue

During the execution of the Functional Usage Evaluation in September 2000, KPMG Consulting completed a variety of test calls including Operator Handled toll calls. KPMG Consulting observed that rates for Operator Handled toll calls were inconsistent with the applicable New Jersey State tariffs¹ and were not uniformly applied to all such calls.

KPMG Consulting determined that Operator Handled charges of \$2.00 per call plus applicable Vertical and Horizontal (V&H) mileage charges were not applied properly. Table I contains examples of the actual and expected charges for Operator Handled toll calls on September invoices.

Table I: Operator Handled Toll Calls – Expected and Actual Charges

Record Date	Record ID	From Number	To Number	Bill Number	Initiation Time	Duration	Actual Amount (Operator Charge)	Actual Amount (Additional Charge)	Expected Amount (Operator Handled)	Expected Amount (Additional Charge)	MOR	Rate Class
9/12/00	100101	6094042859	6096254900	6094042859	11:47:44	1	\$1.35	\$0.00	\$2.00	\$0.09	22	3
9/12/00	100101	6094042859	6096254900	6094042859	11:43:09	1	\$1.35	\$0.00	\$2.00	\$0.13	22	5
9/11/00	100101	2013866271	2016597975	2013866271	9:37:16	1	\$1.35	\$0.00	\$2.00	\$0.09	22	3
9/11/00	100101	2013866271	2014341313	2013866271	9:42:07	2	\$1.35	\$0.00	\$2.00	\$0.12	22	3
9/12/00	100101	2013866271	2017925783	2013866271	10:41:21	2	\$1.35	\$0.00	\$2.00	\$0.12	22	3
9/11/00	100101	7327298220	7328732710	7327298220	13:32:16	2	\$1.35	\$0.00	\$2.00	\$0.12	22	3
9/11/00	100101	6094042833	6094943478	6094042833	10:17:26	1	\$1.35	\$0.00	\$2.00	\$0.22	22	3
9/12/00	100101	6094042833	6092727549	6094042833	11:21:36	1	\$1.38	\$0.00	\$2.00	\$0.12	22	3
9/12/00	100101	8568572298	6096549777	8568572298	10:35:06	7	\$2.00	\$0.49	\$2.00	\$0.49	22	3

Assessment

A CLEC's ability to accurately project revenue and operating expenses and therefore to set rates for its customers is based, in part on accurate billings: incorrect billing distorts financial planning and rate setting. In addition, incorrect charges on CLEC bills may cause a CLEC to incur added costs to reconcile bills and could damage CLEC customer relations as well.

¹ NJ State Tariff, Tariff B.P.U. N.J N0.2 Exchange and Network Services, issued June 24, 1998, Section A6 , 6.2.1 Message Telecommunication Service, rate schedule 5C.

This observation report is for discussion purposes only and subject to change without notice.